

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 93-430-E - ORDER NO. 93-950 ✓  
OCTOBER 14, 1993

IN RE:   Proceeding of Lockhart Power Company   )ORDER ESTABLISHING  
          to Address Integrated Resource            )INTEGRATED RESOURCE  
          Planning (IRP) Procedure.                )PLANNING PROCEDURE

On June 18, 1987 by Order No. 87-569, the Public Service Commission of South Carolina on its own motion established a generic proceeding involving all jurisdictional electric utilities to address integrated resource planning procedures. Integrated Resource Planning (IRP) refers to efforts by utilities and regulators to ensure that the lowest cost options to the rate payers and utilities are integrated into designing resource plans for the provision of energy services to customers. By Order No. 91-885 issued October 21, 1991, the Commission adopted integrated resource planning procedures after a collaborative process involving the Commission's jurisdictional electric utilities, the South Carolina Department of Consumer Affairs, Nucor Steel, South Carolina Energy Users Committee, and the Commission Staff. The procedures were clarified by Order No. 91-1002.

In 1993, it was brought to the Commission's attention that Lockhart Power Company presented a unique situation for the development of an integrated resource plan. Among other things, Lockhart purchases 80% of its power from Duke Power Company.

Essentially, Lockhart has unique problems. The Commission agreed that Lockhart presented a unique situation, and therefore authorized the opening of this docket to establish a procedure, and subsequently examine an IRP strictly for Lockhart Power Company.

The Staff has proposed a procedure for establishment of an IRP for Lockhart Power Company as appears in Appendix A. The Consumer Advocate reviewed Staff's recommendations and had no objections to Staff's proposed filing requirements for Lockhart Power Company.

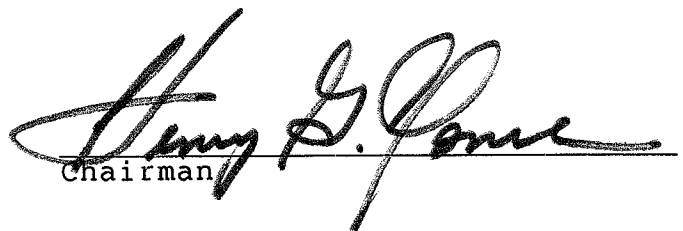
The Commission has examined this matter and believes that the procedure outlined in Appendix A to this Order is a reasonable procedure for the establishment of an IRP for Lockhart Power Company and therefore adopts same.

IT IS THEREFORE ORDERED THAT:

1. The procedure as appears in Appendix A to this Order for establishment of an integrated resource plan for Lockhart Power Company is hereby adopted.

2. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

APPENDIX A  
FILING REQUIREMENTS  
INTEGRATED RESOURCE PLANNING PROCESS  
COMMISSION STAFF  
SOUTH CAROLINA PUBLIC SERVICE COMMISSION  
FOR LOCKHART POWER COMPANY

IRP OBJECTIVE:

The objective of the IRP process is the development of a plan that results in the minimization of the long run total costs of the utility's overall system and produces the least cost to the consumer consistent with the availability of an adequate and reliable supply of electricity while maintaining system flexibility and considering environmental impacts. In conjunction with the overall objective, the IRP should contribute toward the outcomes of improved customer service, additional customer options, and improved efficiencies of energy utilization.

A. IRP FILING AND REPORTING PROCEDURES

1. Lockhart must file a 15 year IRP every three years. An IRP is to be filed by November 1, 1993. Each subsequent IRP will be filed by June 30 or the nearest working day to that date.
  - a. The IRP filing must comply with all procedural and substantive requirements set forth herein and any additional requirements established by the Commission in future proceedings.
  - b. Upon receipt of Lockhart's IRP filing, a separate docket will be established by the Commission. At that time, interested parties will be given an opportunity to intervene. Such parties will have 30 days to intervene from publication of the notice.

- c. Lockhart will provide a copy of its IRP filing to each intervenor no later than 5 days after receiving the notice of intervention.
- d. Approximately 10 days after the close of intervention, a conference will be held between Lockhart and the parties of record in that docket. All participating parties will identify a list of preliminary issues and serve the issues on the utility five (5) days prior to the conference. The purpose of the conference will be to discuss the procedural aspects of the proceeding, including discovery; and in addition to establish a mechanism for a collaborative process which will be utilized to examine relevant issues. In the event that any issues raised through the conference process are not resolved, the parties may request the Commission to set a hearing and/or establish other procedures to resolve specific problems. The hearing will focus on the specific issues of concern and/or the points of disagreement resulting within the conference process pertaining to the utility's compliance with the established IRP procedures. In addition, the hearing can address requests to modify the existing planning process. Lockhart will be expected to defend its IRP filing regarding compliance with the procedures established under the IRP process at the conference and within any prescribed hearing that is required.
- e. At the conclusion of the IRP review the Commission will determine whether the IRP filed is reasonably consistent with the approved IRP procedures at that point in time. Such a determination by the Commission does not constitute avoidance of any prudence review, siting approvals, etc. deemed necessary by law or by Commission decision and/or order.
- f. The IRP process is dynamic and complex requiring various assumptions, forecasting techniques, and planning methodologies. The IRP process must recognize the limitations on resources available to the Commission and its Staff to evaluate the various IRP's. In addition, the process should recognize that the limited resources available to small utilities such as Lockhart impact the composition of the IRP's which can be developed and filed by such entities.

The Commission might wish to review alternatives in addition to those incorporated within the utility's IRP. The Commission can choose to specify reasonable

alternatives not included within the IRP for the utility to develop and provide to the Commission. The exploration and evaluation of any such alternative is not to be a specific part of the IRP filed by the utility. The information could be used by the Commission to evaluate the utility's IRP. Parties of record and staff may request the Commission to require the utilities to perform analyses or develop alternatives not included within the utilities filed IRP.

- g. The separate docket for the utility will be closed at the end of the three (3) years prior to the filing of the next IRP.
  - h. Lockhart must file with the Commission any significant changes to the IRP within 30 days of the decision to change/amend. The filing will include the analysis of the modification on which the decision was based. When feasible, the utility should give reasonable advance notice to the Commission and the parties of record of any significant change it decides to make in the IRP.
  - i. Major changes, e.g. in laws, may necessitate modification of the timetable set forth for the filing and reporting procedures.
2. Lockhart must file, on an annual basis, a list of its DSM programs and the projected impacts of such options, along with other related information.

**B. REQUIREMENTS FOR THE DEVELOPMENT AND COMPOSITION OF THE IRP FILING.**

- 1. The IRP filing must contain a statement of both long-term and short-term objectives of the utility and how these objectives address the overall objective of the IRP process as stated by the Commission.
- 2. A copy of relevant supporting documentation necessary to explain and understand the IRP must be filed with it.
- 3. The IRP filing must indicate how the resource plans seek to ensure that the utility incorporates the lowest cost options for meeting the electricity needs of consumers, consistent with the availability of an adequate and reliable supply of electricity.
- 4. The IRP filing must seek to incorporate the customer as a

part of the planning process through opening direct and indirect lines of communication; providing useful information to consumers for efficient energy choices; providing various energy alternatives; and through sending proper pricing signals.

- a. As a part of this endeavor, the utility should identify existing programs that seek to encourage consumer participation in DSM options, including conservation.
  - b. The planning process should solicit consumer input as an integral part of the planning function.
5. In evaluating potential options for incorporation within the IRP, the utility must employ unbiased analysis techniques.
6. The IRP filing must evaluate the cost effectiveness of each supply-side and demand-side option in a manner that considers relevant costs and benefits. To ensure proper evaluation, the screening of DSM resources can be based on more than one test. No single test is always appropriate for all situations. Each option must be evaluated, using the appropriate test or tests, and the analysis should include all appropriate costs. If a chosen option is not the least cost, according to the appropriate test, the utility must provide a detailed explanation with supporting evidence for its choice.
7. A measure of the net benefits resulting from the options chosen within the IRP must be provided by the utility. The utility shall propose an IRP which minimizes total resource costs to the extent feasible, giving due regard to other appropriate criteria such as system reliability, customer acceptance and rate impacts.
8. Environmental costs are to be considered on a monetized basis where sufficient data is available. Those environmental costs that cannot be monetized must be addressed on a qualitative basis within the planning process. Environmental costs are to be considered within the IRP to the extent that they impact the utility's specific system costs such as meeting existing regulatory standards and such standards as can be reasonably anticipated to occur. The term "reasonably anticipated to occur" refers to standards that are in the process of being developed and are known to be forthcoming but are not finalized at the time of analysis. This does not mean that the utility is prohibited from incorporating factors which go beyond the above definition. Should the

utility feel that other factors (environmental or other) are important and need to be incorporated within the planning process, it needs to justify within the IRP the basis for inclusion.

9. The utility must provide a demand forecast (to include both summer and winter peak demand) and an energy forecast. The forecast must incorporate explicit treatment of demand-side resources.
10. The plan must incorporate an evaluation and review of the existing demand-side options utilized by the utility. It should identify any changes in objectives and specifically identify and quantify achievements within each specific program. The plan should include a description of each program; program objectives; implementation schedule; and program achievements to date. An explanation must be provided outlining the approaches used to measure program achievements and benefits.
11. The IRP filing must identify and discuss any significant studies being conducted by the company on future demand-side and/or supply-side options.
12. The IRP must be flexible enough to allow for the unknowns and uncertainties that confront the plan. The IRP must have the ability to quickly adapt to changes in a manner consistent with minimizing costs while maintaining reliability.
13. The utilities must incorporate as part of their IRP's a maintenance and refurbishment program of existing units when economically viable and consistent with system reliability and planning flexibility.
14. Utilities must adequately consider all cost effective third-party power purchases including firm, unit, etc., consistent with the IRP objective statement. This involves consideration of both interconnected and non-interconnected third-party purchases. The utility will describe any consideration of joint planning with other utilities. The utility will identify all third party power purchase agreements.
15. Lockhart must explain and/or describe any new technologies included in the IRP.
16. Each future supply-side option incorporated within the IRP must be identified. The fuel source; anticipated generating capacity; anticipated date of initial

construction; anticipated date of commercial operation; etc. must be provided for each option. The utility shall identify the anticipated location of any future supply-side option when it is consistent with the utility's proprietary interests.

17. Lockhart's DSM plans should give attention to capturing lost opportunity resources. They include those cost effective energy efficiency savings that can only be realized during a narrow time period, such as in new construction, renovation, and in routine replacement of existing equipment.
18. The Commission realizes that the IRP process is dynamic and that modifications may be necessary over time. New issues may arise, existing issues or components of the plan may change in significance, and improved analysis techniques may be developed. As these occur, they will be evaluated for possible incorporation into the IRP process, or for separate consideration.